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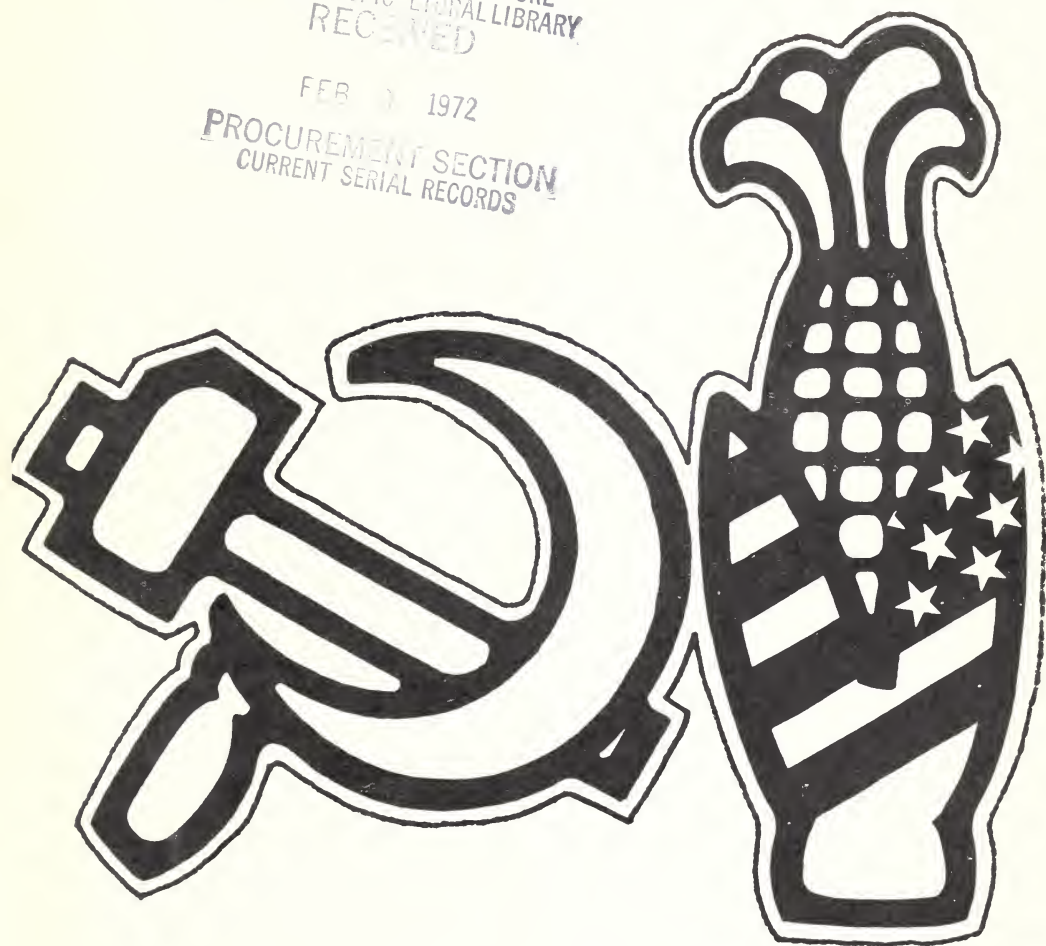
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THE GREAT FEED GRAIN SALE

THE GREAT FEED GRAIN SALE

Soviet livestock will soon be feeding on some of last year's bumper feed grain crop from U.S. farms. Last fall's sale to the U.S.S.R. was for over 3 million tons of grains, mostly corn and about one-third oats and barley.

The Soviets will use the grain to help step up their own livestock output and to meet commitments in the Eastern bloc.

The sale comes at a time when the U.S. feedbin is more than full and world prices are low. Most grain producing nations have plenty for sale. Canada had a huge crop, Australian output is up, and South Africa set records.

In fact, the Soviets themselves had a good year—harvesting 180 million tons of grain of all kinds during 1971, the second highest grain harvest of record. (No breakdown for food and feed grains is yet available.)

While exact per bushel cost figures are not available for this particular sale, the Soviets probably felt the price was right. On November 18, 1971, gulf port export prices for No. 2 yellow corn stood at \$1.21 per bushel. On the same date, the Chicago market price was \$1.03 compared with \$1.38 a year earlier.

The total shipment's price tag is over \$125 million in U.S. dollars. The Soviets may buy more grain and perhaps even some soybeans depending on prices, Soviet needs, plus other economic and political considerations.

The factor creating need is the Soviets' wish for more meat, eggs, and butter on the table and their push for a bigger and better livestock industry.

Right now the U.S.S.R. is in the midst of expanding its livestock, poultry, and dairy production. The present 5-year plan (1971–75) calls for a 23-percent expansion in meat and poultry production, 31 percent more eggs, 18 percent more wool, and 15 percent more milk. Growth in the last 5-year plan (1966–70) was even greater than present goals.

Although the U.S.S.R. is importing feed grains, they need protein feeds—such as soybeans—more. Apparently only about one-quarter of the grain used for feeding in the U.S.S.R. goes into mixed feed, while the rest is fed directly to livestock.

Here are some highlights of the Soviets' livestock-feed economy:

Specialized farms.—Most of the Soviet Union's farms are large, general-purpose operations but recently the government has fostered the development of specialized livestock farms. Emphasis has been placed on one principal enterprise such as dairying, beef, swine, sheep, eggs, or ducks.

Specialized farms may include up to 3,000 sows, 800 to 2,000 dairy cattle, or from 800 to 2,000 cattle on feed in confinement. They plan to expand and even have one feedlot of nearly 5,000 cattle in operation.

The Soviets feed out mainly bulls rather than steers for slaughter. Each bull is confined separately. Confinement complexes are usually constructed of cinderblocks or concrete, and the better finishing operations are usually located near sugarbeet factories. This is much like sheep feeding in eastern Colorado, except in Colorado pulp is dried before feeding.

Soviet feedlots, or fattening operations, operate as intercollective farms. From 40 to 50 collective farms contribute extra bulls to the intercollective where they are finished off for market. Profits revert to contributing collective farms.

Swine raising is now changing rapidly with specialization in feeder pig operations. Emphasis is being placed on development of farms with facilities for 10,000 hogs, total mechanization, and barns that will accommodate 2,000 head.

Incentives.—The government sharply increased incentives in the livestock sector during 1970. State purchase prices were raised 20 percent for milk and cream, 20 to 30 percent for several grades of wool, and 35 to 50 percent for fat, young stock of 650 to 925 pounds. Furthermore, a 50-percent



EAST EUROPE: MARKET PROSPECTS

A team of U.S. soybean and grain specialists surveying market prospects in four Eastern European countries reported that U.S. producers can expect gains in this area during the years ahead, particularly for soybeans.

The governments of Hungary, Czechoslovakia, Romania, and Poland are determined to improve the animal protein diets of their people during the next few years.

This means the use of feed components necessary to spur livestock production and a broadened demand for feed grains, soybeans, and wheat.

In addition, countries which in the past have had surplus grains for export may need to use more of their grain at home, reducing competition in third country markets.

"All these countries," noted the report of the visiting U.S. team, "are feeding wheat . . . this pull may also reduce their exports of wheat."

The team cited two more factors as improving the general outlook for U.S. wheat exports:

—One is the likelihood that as the economies in the countries improve, they will want to import more quality wheat necessary for better bread products.

—The other: The recent large sale of feed grains to the Soviet Union indicates the same drive to expand animal product production. If developments in the livestock industry dictate that the U.S.S.R., a major supplier, retain more of its grain for home use, the market for U.S. wheat will broaden.

Further report details include:

—Livestock expansion goals in the four countries range from an increase of 18 percent in Hungary and Czechoslovakia to 100 percent in Romania.

—Each country has placed the highest priority on improvement of diets.

However, the team cautioned, the countries are short of foreign exchange—making their ability to buy dependent on exchange reserves.

bonus was established for sales that exceeded goals of the 5-year plan, provided herds were not reduced.

These and other incentives—coupled with larger grain supplies on farms during 1969 and 1970—raised both livestock inventories and output of livestock products. Meat production rose 5 percent during 1970 and egg production rose 9 percent over 1969.

Feed grains.—Increased inputs plus good weather have delivered to the Soviets their two biggest grain crops in 1970 and 1971. Last year's 180-million-ton crop was topped only by 1970's 187-million-ton output.

The Soviets generally feed around 15 million tons of wheat a year. The 1970 wheat crop, 99.7 million tons, followed by last year's crop should provide plenty of wheat, both for export and for feeding.

Feed plants.—There are presently about 600 feedmills in the U.S.S.R. and plans have been made to double the number during the next 4 years. Currently mixed feed is distributed on a priority basis with poultry first, swine second, and cattle third.

Mixed feed production has been on the rise over the last decade. Production rose from 10 million tons in 1961 to 24 million in 1970.

The government is now encouraging collective farms to set up intercollective feed plants where the pooled resources of several farms can produce complete balanced feeds and high protein concentrates.



SPOTLIGHT ON GEORGIA

Georgia, Empire State of the South, ranks as the Nation's largest State east of the Mississippi River—and about half of its over 37 million acres is occupied by farms.

"In 1970 Georgia's 76,000 farmers averaged \$5,675 in net farm income, well above the national average, \$5,451" notes Frasier T. Galloway, Statistician in Charge of SRS at Athens. But, you know, we're sometimes a victim of our historical image. Cotton and peaches still grow here—but it's the chickens, the eggs, plus peanuts that earn the most money for Georgia farmers these days."

Livestock, poultry, and their products account for over half of the State's cash farm income, with chickens alone bringing in \$1 out of every \$3 earned. Commercial broilers top the chicken complex—and Georgia had led the Nation in broilers for 18 years but was exceeded by Arkansas in 1970.

Broiler production in Georgia had its beginnings during the mid-1930's. In 1934, there were around 400,000 broilers produced at an average 19 cents per pound, or about 48 cents for a 2½-pound chicken. At that time, most hatching eggs and chicks were shipped in from other States, and growers generally raised only a few hundred birds. Very few had as many as 1,000.

But the Georgia broiler business has boomed since then because of many factors: Control of pullorum and other diseases, development of improved

breeds, introduction of specialized feeds, to name a few.

Today most birds are grown in an integrated operation where a single firm will have its own hatching egg flocks and hatchery, a feed mill, and a processing plant. Growers may be paid a specified fee to care for hatching layers and to grow out the broilers from baby chicks to about 3½ pounds.

Broiler houses that hold 10,000 birds and farms with a capacity of 40,000 birds are not uncommon. Birds usually reach 3½ pounds in 8 to 9 weeks on slightly over 2 pounds of feed. In 1934, it took 3 pounds of feed and 14 weeks to get a bird's weight to 3 pounds.

During 1970, Georgia growers sold over 450 million broilers for around \$194 million.

During the past decade the State's egg industry has begun to rival broilers as a moneymaker. Egg sales brought farmers \$193 million in 1970.

Prior to 1957, Georgia did not produce as many eggs as its people consumed. Now the industry has gotten so big that Georgia ships half its commercial egg production out-of-State, along with a large portion of its hatching egg output.

On January 1, 1970, an estimated 27.0 million layers were on Georgia farms. Total egg production for 1970 reached almost 5.4 billion, placing the State second only to California in national production. Commercial eggs earned over \$146 million and hatching eggs almost \$47 million.

Receipts from other livestock enterprises—\$118 million from cattle, \$103 million from hogs and pigs, \$81 million from dairy products—helped bring the 1970 livestock and poultry income to \$711 million.

"On the crop scene," notes Gallo-way, "peanuts are hardly peanuts in Georgia. They're the State's leading crop."

Farmers started growing peanuts when the boll weevil began to ravage cotton fields about the time of World War I. Peanut acreage jumped from 40,000 in 1914 to 314,000 in 1918.

Since then peanuts have been grown in almost every part of the State, although commercial production today is confined mainly to the southwest. Acreage has topped 1 million in the past but since the early 1950's the total has shrunk to about 500,000.

Today Georgia produces almost 40 percent of the Nation's peanuts. In

1970, 1,126 million pounds were produced—worth \$142 million in cash receipts.

Tobacco, the State's second most valuable crop, grows mainly in south-eastern and south central Georgia. The State produces two varieties: Shade tobacco, used in cigar wrappers, and flue cured.

Georgia usually ranks about third or fourth in national tobacco production. In 1970 yields of 2,000 pounds per acre produced a crop worth \$102 million.

Corn is grown in every county. Now that hybrids suited to southern conditions have been developed, corn yields have climbed from 14 or less bushels per acre before 1948 to a record-high 58 bushels per acre in 1967. In 1970 yields stood at 31 bushels as the crop was damaged badly by blight.

Formerly most of the corn was used on farms where grown but the rising

In 1970 chickens earned \$1 out of every \$3 of Georgia's cash farm income. The rooster at the lower left seems proudly aware of that. Peanuts, lower right, are big business, too, worth \$142 million in 1970.



yields are turning it into a cash crop. In a normal year corn sales represent about half the value of the entire crop harvested for grain. In 1970 corn harvested for grain was worth \$71 million.

Soybean production is also gaining ground. Georgia farmers are using more and more soybean meal.

Soybean yields before the 1950's were generally below 15 bushels per acre but by 1967 Georgia got 24 bushels per acre from 542,000 acres—for a production total of 13 million bushels. In 1970, Georgia produced 11.9 million bushels, worth \$35 million.

Cotton—though no longer king in Georgia—remains important in many areas. While alternate income sources, a shortage of labor, and government controls have caused declines in acreage since 1950, farmers still harvested 292,000 bales from 380,000 acres in 1970.

Peaches have been a tradition in Georgia since the early settlers planted trees to supply fruit for family use. The development of the Elberta peach by the Rumph family in Macon County laid the foundations of the State's peach industry.

During the 1920's peach tree numbers reached 15 million but the number has declined in recent years. The 1965 survey indicated that there were 3½ million commercial trees in production. The 1970 crop was valued at \$14.1 million.

Georgia leads the Nation in pecan production. While pecan trees are found in almost every county, production is concentrated in southwest Georgia, especially in Dougherty County which ranks first nationally for number of trees. The 1970 production was 54 million pounds, valued at \$22 million.

Although trees are not usually thought of as a crop, Georgia agriculture earned about \$28 million from forest products last year. Georgia leads the Nation in production of gum naval stores, accounting for around 80 percent of the Nation's supply of turpentine and rosin. The State is also the No. 1 pulpwood producer.

SRS CHANGES

The scene is changing for agricultural statistics. Part of what's behind this evolution is revealed by two men who should know—Glenn Simpson, Chairman of the Crop Reporting Board and Deputy Administrator of SRS for a decade before he retired last June, and his successor Bruce Graham.

We talked with Simpson about some of the things he'd seen on the statistical scene just before he left SRS for his new career as Director of a joint USDA-AID Executive Officers Management Seminar for high-ranking officials in the Turkish Government.

"In the late 1950's," Simpson recounted to us, "SRS began to notice its statistical methods weren't up to measuring satisfactorily all the many changes occurring in postwar agriculture.

"Increasing specialization in U.S. farming demanded more sophisticated sampling methods. Since the early 1960's we've injected quite a number of 'new fangled' techniques into our estimating program."

We asked Simpson, too, about how dwindling farm numbers have affected crop reporting. His reply:

"It certainly isn't making the job any easier. At one time we had 6½ million farms, a large number but all so alike they were easily handled by voluntary mail survey techniques. Though we've still got about 3 million farms to work with they are much, much bigger than before and their business operations are far more complex."

"One of the \$64 questions in agriculture is what is a farm today. Many are highly integrated operations with suppliers, operators, processors, and marketers all meshed together in interlocking relationships."

"SRS may someday have to measure the entire flow of agriculture from the farm to the consumer rather than just bushels of corn or litters of pigs to get a truly reliable statistical view of the production and marketing situation."



Bruce Graham, who is taking over from Simpson, has a quarter-century of experience in SRS. He's served as a statistician in the Virginia and Washington field offices. More recently, he headed the SRS Survey Operations Group and later the Data Collection Branch in Washington, D.C. Since 1969 Graham has also served on a part-time basis as statistical consultant to the government of the Philippines.

We asked Graham what single phase of his career he feels best equips him for what lies ahead in agricultural estimates.

"I suppose my work on the probability area surveys which SRS has been emphasizing in recent years," he told us. "In these surveys we select a sample of land areas, then collect information by visiting these areas and interviewing the farmers and observing the crops. Each land area has a known chance of selection. This means that we can compute the sampling error, and we can reduce that error by increasing the size of the sample."

We asked how the cost of this method compared with a mail survey. Graham replied, "Certainly the probability methods cost more but they give us a degree of precision which couldn't be reached with our traditional methods. Furthermore we have recently made a real breakthrough in economy by developing a multiple-frame sampling theory and learning how to apply it."

"First we prepare as complete a list

as possible of producers, then select a sample and send them questionnaires by mail. Those that don't respond are contacted by telephone or personal visit."

"Although list sampling is economical, it has one shortcoming: We can never be sure that our lists are complete and up-to-date. Therefore, we supplement the large list sample with a small area sample. By visiting farmers inside a few randomly selected land segments, we can estimate the incompleteness of our list sample."

"Thus the multiple-frame technique combines the economy of a mail survey with the coverage of a land area sample. It allows us to make estimates with a low sampling error more cheaply than we could by using area samples alone."

We asked Graham the question the Chairman of the Crop Reporting Board often hears, "Just how much accuracy is needed in the estimates?"

"There are several answers to that question," he told us. "In general an estimate should be accurate enough for the user not to be misled into making poor decisions."

"For some crop and livestock estimates, marketing records eventually tell us how well we did in forecasting. We keep trying to reduce our sampling errors and we watch for the non-sampling errors, too—such things as missing reports, erroneous information, and mistakes in handling and processing the figures."

FARM EXPENDITURE SURVEY

Farmers are substituting capital for labor to a greater extent than ever before, and the trend is expected to accelerate through the 1970's.

Prompting producers in this direction is the increased availability of capital and nonfarm inputs at a relatively lower cost than labor and land. Technological advances, economies of scale, and more efficient production practices are also stimulating the shift.

Food and fiber production over the past two decades has risen 50 percent despite a 10-percent decline in crop acreage and nearly a 60-percent reduction in labor.

Using a 1950 base of 100, it's apparent by the estimates below that great changes have taken place in how farmers spend their money:

	1955	1960	1965	¹ 1970
Power and machinery	115	115	122	130
Fertilizer and lime	141	169	250	353
Other inputs	113	129	145	170
Land	102	98	104	107
Labor	85	67	55	46

¹ Preliminary.

The Statistical Reporting Service states that reliable data are available on farm machinery and fertilizer, and other such easily identifiable agricultural expenditures. For example, the \$409 million price for 263,000 tractors in 1955 may be compared with the \$654 million price for 131,000 units in 1969.

However, for those expenditures common to both farm and nonfarm people—fuels, repairs, building materials, wages, interest, taxes, and other production needs—only partial information is available. Benchmark estimates for such expenditures by farmers are based on a survey for 1955.



Dr. Harry C. Trelogan, SRS Administrator, has stated "... the pattern of expenditures by farmers to produce crops and livestock has radically altered since 1955. Therefore the index of prices paid by farmers computed with such old information could not be regarded as representative of today's conditions."

SRS will begin fieldwork in February on a new farm expenditure survey. The survey results will update the relative importance, or weight, given to various farm production goods and services that statisticians use to compute the prices paid index, part of the parity concept.

The survey will also provide more current data for estimating net farm income. These indicators provide



LIVESTOCK REVISIONS

After more than a year of study and consultation with data users, USDA's Statistical Reporting Service has modified its program of livestock, poultry, and dairy statistics. The purpose is to update and improve the reliability of the overall statistical program.

Rather than arbitrarily cutting back forecasting activities, SRS drew up a list of proposed survey changes. Over 800 data users—farmers, trade associations, transportation firms, packers—were asked to submit comments and offer suggestions. Over 200 responses were received from all parts of the Nation and all interested levels of the economy.

A major adjustment in the program will be limiting the number of estimates in minor producing States. Several livestock, dairy, and poultry reports will be changed to show individual State estimates only for those States with approximately 95 percent of the Nation's production or inventory. Estimates for States representing the remaining 5 percent will be combined.

Among the reports affected by this modification will be: June hogs and pigs, July calf crop, July lamb crop and wool, monthly egg production and layer numbers, and monthly milk production. However, estimates for each of the 50 States will be published in the December hogs and pigs report, the February calf and lamb reports, the April wool report, and each quarter for egg and milk production.

SRS also shifted the date of its chicken and turkey inventory back one month to December—starting December 1971—and this January began a new monthly report series on egg-type pullet chicks placed for hatchery supply flocks. This report is similar to the one issued on pullet chicks in broiler hatchery supply flocks.

The monthly range and livestock report has been discontinued and a combined range and pasture condition series will replace the pasture condition in monthly crop reports during April-December.

guidelines for farm policy and administration by showing farmers' purchasing power and relative well-being in the economy.

During early 1972 SRS will interview 10,000 farmers in 396 counties. The national sample was a random selection drawn from two sources: Lists of farm operators and operators located in randomly selected geographic areas. The two methods are complementary and provide a more representative sample than one system.

The farm expenditure survey will also include a special group of questions on pesticide purchases and use. The findings will provide a valuable indication of trends in intensity of pesticide use by geographic areas and by specific crops and livestock.

BLUEGRASS BURLEY

If tobacco use continues to decline as it has in the past few years, the fall-off is bound to have severe repercussions on the economy of the Nation's Burley Belt, an area centered in Kentucky and extending into most of the neighboring States.

Throughout the belt, burley tobacco is the principal source of farm income. In Kentucky, for example, burley sales bring farmers about a third of their cash farm receipts and around three-quarters of their crop receipts.

The 1964 Census of Agriculture (1969 data aren't available yet) found that in an area including Kentucky and parts of five other States there were approximately 300,000 farms of which 175,000 (58 percent) grew some burley. The census also found that three-fourths of the farms reporting burley sales grossed less than \$5,000.

According to USDA's Economic Research Service, there are two groups of burley growers in the area and each would face two different sets of adjustment problems if burley demand falls.

One group—the larger—is made up of older, poorly educated, low-income farmers who have few farm resources other than the land they own. Burley production accounts for the bulk of income for this group of farmers. Were there to be a substantial decrease in the demand for burley, the farmers' limited resource base might hamper necessary adjustments in farm organization, and their off-farm job opportunities would be severely limited.

The second group includes younger, better educated, higher income farmers who have a much larger resource base. While burley also represents a major income source for these farmers, their resource base and farm diversification place them in a better position to adjust to price declines and allotment cutbacks.

For the second group, the most serious loss would be to the asset value of their farms because the value of tobacco allotments is capitalized into the value of farmland.



CIGAR SALES

A lot more people are reaching for mini cigars today than ever before.

At around 3.0 billion last year, cigarillo sales were up 5 percent from 1970 and made up close to two-fifths of the total cigar market. In the early 1960's, the cigarillo share was only 13½ percent.

Use of full-size cigars in 1971 wasn't quite up to snuff with the year before. In the "8-cent and under" group, sales amounted to roughly 2.1 billion, down 12 percent from 1970. For 8- to 15-cent smokes, use slipped 20 million to 2.2 billion while the total for expensive cigars retailing at 15 cents or more apiece was 510 million, also down 20 million from 1970.

Cigarillos, incidentally, weigh between 2 and 10 pounds per thousand while regular or large cigars are two to three times heavier than that.

Not included in the cigar and cigarillo total for 1971 are an estimated 1,050 million cigarette-size cigars smoked last year. These sell in the same general price range as cigarettes and weigh 3 pounds or less per thousand. Use in 1971 was up more than a sixth from 1970's level. The shift to smaller cigars reduces manufacturers' leaf requirements.



ASCENDING ASSETS

Land values led the way in pushing up farm assets during 1970—although the gain in real estate values wasn't anywhere near the high rates of the mid-1960's.

When the Economic Research Service released its rundown of the balance sheet of the farming sector recently, it showed \$318.9 billion in the asset column as of January 1, 1971. That represented a gain of \$9.3 billion over the year before.

Farm debt totaled \$61.1 billion, \$3 billion more than at the start of 1970. That left farmers with \$257.8 billion in equities in their farm properties, \$6.3 billion more than the year before but the smallest annual gain since 1964.

Real estate, of course, represented the lion's share of farm assets—\$214.0 billion on January 1. But while the value of farmland was up \$5.8 billion from 1970, accounting for more than half the gain in total farm assets, the rate of gain during 1970 amounted to a mere 2.8 percent. That was far, far less than the annual increases of the mid-1960's.

Apparently farmers were reluctant to bid up prices of farmland in the face of the high interest rates prevailing during 1970. Land that depended more on farming activities to pay for itself—as in the Corn Belt States and westward—showed less increase in value than in the eastern and southern States where nonfarm uses influenced prices more.

The debt picture was marked by relative inactivity in farm mortgage lending—a fact which helped limit the overall increase in farm debt to only

5.3 percent. That was the smallest annual gain in a decade.

Real estate debt on January 1, 1971, added up to about \$29.5 billion, up only about \$1.1 billion or 3.9 percent from the year before. A number of factors figured in the unusually low annual gain:

—Not much farmland was on the market during 1970 and the little that was for sale generally bore pretty high price tags.

—Interest rates were extremely high, reaching a peak of 9.4 percent in 1970's fourth quarter. Many farmers shied away from entering into long-term land contracts at the prevailing high cost of borrowing.

In sharp contrast to the sluggishness in farm mortgage lending, non-real estate debt shot up 10 percent during 1970, reaching \$29.7 billion on January 1, 1971. The dollar gain, put at \$2.7 billion, was the largest on record.

Higher farm operating costs (including greater use of purchased inputs), brisk activity in purchasing feeder cattle, and farmers' substitution of short- and intermediate-term credit for long-term loans all contributed to the extensive use of non-real estate credit.

The equity owned by farm proprietors in their farm assets rose by only 2.5 percent during 1970, the smallest gain since 1960.

The slowdown in rate of equity accumulation was pretty much the result of the smaller than average increase in asset values. Farm debt also rose at a slower rate than in the past several years; however, the gain did outpace that of farm asset value.

aoutlook

Digested from outlook reports of the Economic Research Service.
Forecasts based on information available through December 1, 1971

SOYBEAN DEMAND continues strong and the 1.2-billion-bushel 1971 crop will probably be used up with prices to farmers averaging around \$3 a bushel . . . possibly the highest season price since 1947/48. By September 1972, carryover stocks will likely be below the previous September's 99 million bushels.

●

SOYBEAN CRUSH . . . Soybean crushings for the marketing year that started September 1 may total around 750 million bushels, down slightly from 1970/71. Demand for soybean oil continues strong but soybean supplies available for crushing are limited. The soybean industry's annual processing capacity has expanded to nearly 900 million bushels.

●

SOYBEANS AWAY . . . Exports of soybeans for the current marketing year are forecast at around 400 million bushels, down from last year's record high 433 million bushels because of reduced supplies. Also, world supplies of competitive fats and oils are likely to be greater.

●

SOYBEAN ACRES . . . Farmers will probably plant more acres to soybeans in 1972. Strong soybean prices will probably result in a soybean-corn price ratio (excluding corn set-aside payments) of around 3 to 1, the highest ratio favoring soybean plantings in recent years. Also, the 1972 program permits plantings of soybeans on non-set-aside portions of feed grain and wheat acres without loss of program history or set-aside payments.

●

FEED GRAINS . . . With a 206-million-ton feed grain crop in 1971 and a 33-million-ton carryover, feed supplies in 1971/72 are 15% higher than last year and 12% above the 1965-69 average. Current forecasts put domestic and export needs this feed year

at around 182 million tons . . . meaning carryover next October could be some 20 million tons bigger than the small total at the start of 1971/72.

●

CORN SUPPLIES in 1971/72 are a record 6.2 billion bushels, more than a fifth larger than last year. The big supply is bringing lower prices and more favorable livestock-feed price ratios . . . which may well boost domestic use 8 to 10%. Export prospects, though buoyed by the recent sale to Russia, are still overshadowed by large world grain crops.

●

GRAIN SORGHUM . . . More cattle on feed in the Southwest mean a continued demand for sorghum, but a bigger corn supply will likely hold the gain in sorghum feeding below last year's 7% leap. Total sorghum use may fall short of 1971's 890-million-bushel crop.

●

WHEAT SUPPLIES for 1971/72 total about 2,370 million bushels, up 5% from a year earlier. Although stocks last July 1 were down 17%, a record harvest pushed supplies to the highest level since 1962/63.

●

WHEAT STOCKS next summer could be substantially higher than last, perhaps by as much as 250 million bushels. That projects a 150-million-ton drop in disappearance, mainly due to reduced feeding and slackening exports. Feeding is expected to fall moderately from 1970/71's 216 million bushels due to the record corn crop, while exports could be off 20% because a larger world wheat crop has lowered demand.

●

EGG INTERACTION . . . Egg production outlook for the year's first half shows a series of checks and balances. While there'll be fewer layers, the rate of lay will be higher. While the flock will be older than last year's, it'll be healthier because of the new vaccine for Marek's disease. All in all, production for the first half may average slightly under 1971's 36.2 million eggs.

●

LARD . . . Lard prices during 1971/72 will remain strong, reflecting a smaller supply. Reduced hog slaughter and a continuing decline in lard yield per hog are holding production to 1.9 billion pounds, about 7% below 1970/71.

HAPPY OLD YEAR . . . World agricultural production in 1971 is estimated at slightly above the 3% per year growth rate during 1962–71. Generally favorable weather, expanded acreage for some major crops, and higher yields achieved through use of more fertilizer and high-yielding seed varieties all combined to boost production.

NATIONAL MENU . . . Food consumption climbed 1% during 1971 to a new high, reflecting substantial increases in use of meat and fruit. Meat consumption rose 4% over 1970—with pork leading the rise and beef unchanged.

FISHY STORY . . . After rising for 3 years in a row, per capita fish consumption fell from 1970's 11.4 pounds to 11.2 last year. Prices of fillets were considerably higher than whole broilers or pork and in some cases more expensive than chicken parts. Also, some resistance was generated by reports of mercury in fish.

STATISTICAL BAROMETER

Item	1969	1970	1971—latest available data	
Farm output, total (1967=100)	103	102	111	Dec.
Crops (1967=100)	104	100	113	Dec.
Livestock (1967=100)	101	106	108	Dec.
Prices received by farmers (1967=100)	108	110	116	Dec.
Prices paid, interest, taxes, wage rates (1967=100)	109	114	122	Dec.
Ratio ¹ (1967=100)	99	96	95	Dec.
Consumer price index:				
All items (1967=100)	110	116	123	Nov.
Food (1967=100)	109	115	119	Nov.
Disposable personal income (\$ bil.)	634.2	687.8	749.2	(³)
Expenditures for food (\$ bil.)	106.1	114.0	120.6	(³)
Share of income spent for food (percent)	16.7	16.6	16.1	(³)
Farm food market basket: ²				
Retail cost (\$)	1,174	1,225	1,244	Oct.
Farm value (\$)	478	480	478	Oct.
Farmer's share of retail cost (percent)	41	39	38	Oct.
Agricultural exports (\$ bil.)	6.4	7.2	0.6	Nov.
Agricultural imports (\$ bil.)	4.5	5.7	0.3	Nov.
Realized gross farm income (\$ bil.)	55.5	56.6	59.3	(³)
Production expenses (\$ bil.)	38.7	40.9	43.0	(³)
Realized net farm income (\$ bil.)	16.8	15.7	16.3	(³)

¹ Ratio of index of prices received by farmers to index of prices paid, interest, taxes, and farm wage rates.

² Average quantities per family and single person households bought by wage and clerical workers 1960–61 based on Bureau of Labor Statistics figures.

³ Annual rate, seasonally adjusted third quarter.



HARDLY PEANUTS

Goobers are hardly peanuts to U.S. farmers. In 1970 the 2.98-billion-pound crop was valued at \$379 million. (The value of 1971's record 2.99-billion-pound crop was unavailable at press time.)

Georgia is the Nation's great goober State, harvesting about two-fifths of the U.S. crop in most recent years.

Peanut production during the last decade went up an average of about 6 percent a year. The increase was almost entirely due to higher yields because peanuts are under acreage controls. Since 1956 the annual allotment has been held to the 1.6-million-acre minimum permitted by law. Acreage harvested for nuts has averaged a steady 1.4 million acres.

While much of the world thinks of the peanut mainly as an oilseed, most of the U.S. crop ends up as food. In fact, we ate up the equivalent of 1,190 million pounds of shelled peanuts in the 1970/71 marketing year ended July 31, or nearly 6 pounds per person. Most of this was in the form of peanut butter, peanut candy, or salted or roasted peanuts. That amounted to 53

percent of the 1970 crop, which weighed in at 2,240 million pounds without the shells.

Although food use has gained steadily over the past decade, it has not kept pace with increasing production. Peanuts for food have trended down from around three-fourths of the crop at the start of the 1960's to today's somewhat over half.

Around 540 million pounds (shelled basis) of the 1970 crop, nearly a fourth of the total, were made into peanut butter. This was almost the same as in 1969.

Candy claimed 243 million pounds, about a tenth. Another tenth—239 million pounds—got salted and put into cans, jars or bags while 25 million pounds went into peanut butter sandwiches—the commercial kind made with crackers.

Americans bought approximately 114 million pounds of unshelled peanuts at ball games (and circuses and similar places) during 1970. Not counting the shells, that amounted to 86 million pounds of nuts.

At the same time, we exported the equivalent of 218 million pounds of shelled peanuts. The bulk went to Canada, although Japan and Western Europe were important buyers.

In 1970/71, U.S. crushers turned about 601 million pounds of nuts, more than a quarter of 1970 production, into around 250 million pounds of oil and 170,000 tons of cake and meal.

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